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No. 10-1119

IN THE
Supreme Court of the United States

THOMAS STEINBECK AND BLAKE SMYLE,
Petitioners,
v.
MCINTOSH & OTIS, INC., ET AL.,
Respondents.

On Petition For A Writ Of Certiorari To The
United States Court Of Appeals
For The Second Circuit

BRIEF IN OPPOSITION

ELAINE J. GOLDENBERG
CHRISTOPHER J. DEAL
JENNER & BLOCK LLP
1099 New York Ave. NW
Suite 900
Washington, DC 20001
(202) 639-6000

SUSAN J. KOHLMANN
Counsel of Record
JENNER & BLOCK LLP
919 Third Ave.
37th Floor
New York, NY 10022
(212) 891-1600
skohlmann@jenner.com

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Attorneys for Estate Respondents

QUESTIONS PRESENTED

1. Whether in 2008, in a decision finally disposing of a final judgment entered under Fed. R. Civ. P. 54(b), the Second Circuit correctly held, in agreement with the Ninth Circuit, that a post-1978 rescission and renegotiation of a pre-1978 copyright assignment left no pre-1978 grant subject to termination under 17 U.S.C. § 304.

2. Whether collateral estoppel bars parties against whom a final declaratory judgment has been entered from relitigating issues of fact and law that were actually litigated, resolved against the parties, and essential to the prior declaratory judgment.

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INTRODUCTION

Petitioners re-raise the same purported circuit split – citing the exact same Second Circuit decision from 2008 and the same two Ninth Circuit cases – that was the subject of their earlier Petition, which this Court denied in 2009. No one suggested to this Court in 2009 that the Second Circuit ruling in question was interlocutory. That is because it was a definitive ruling on the validity of the termination notice at issue, made on appeal of a final judgment under Rule 54(b) as to the only claim that presented the validity question. Because the latest Petition offers no new basis for review, this Court should adhere to its prior determination that the Second Circuit's decision does not merit scrutiny.

Indeed, denying review is even more appropriate now because there are a number of new and serious vehicle problems. First, there are grave doubts about this Court's jurisdiction to entertain this Petition. Second, to the extent that jurisdiction does exist, Petitioners are collaterally estopped from arguing that their termination notice was valid, since that issue was finally resolved against them in a separate action prior to the final judgment in this case. At a minimum, both of these questions would need to be resolved before this Court could even begin to address the meaning and applicability of the "agreement to the contrary" provision in § 304 of the Copyright Act.

Moreover, even if these threshold problems could somehow be overcome, it remains true that there is no circuit conflict created by the Second Circuit's

decision. To the contrary, the circuits are in perfect agreement about the relevant rule of law: termination rights apply only to grants made prior to 1978, and may not be exercised where a pre-1978 grant has already been revoked and renegotiated, because no such grant remains to be terminated. The rule for which Petitioners argue is one of their own invention, never endorsed by the Ninth Circuit or any other court of appeals. And contrary to Petitioners' suggestion, the rule on which the Second and Ninth Circuits have actually agreed is a correct interpretation of the copyright statute and reflects sound policy.

Finally, there are several legal and factual questions, never addressed by the courts below, that would need to be resolved in Petitioners' favor before they could benefit from the rule that they advocate. Most notably, no court has opined on whether the statutory bar on use of termination rights to terminate grants or transfers made "by will" would prevent Petitioners from overriding John Steinbeck's will and wresting copyright ownership away from the members of the Steinbeck family to whom Steinbeck bequeathed his rights.

Plainly, Petitioners are unsatisfied with the substantial benefits that they continue to reap from the contracts that they insist are "agreement[s] to the contrary." But the Second Circuit correctly ruled that those contracts are wholly consistent with the copyright laws, and the outcome in the Ninth Circuit would have been the same. The Petition should be denied.

STATEMENT

1. When John Steinbeck died in 1968, he bequeathed all his intellectual property rights, including his copyrights, to his wife of eighteen years, Elaine Steinbeck ("Elaine"). Pet. App. 17a. Steinbeck chose not only to vest Elaine with title in the "copyrights, rights, and interests" bequeathed in his will, but also to empower her as an Executor "with the fullest power and authority to deal in and with rights in literary properties," including "making or amending contracts with respect thereto." 2d Cir. J.A. 26 (Vol. II).[1]

Steinbeck also had two sons from a previous five-year marriage: Thomas Steinbeck ("Thom") and John Steinbeck IV ("John IV"). In his will, Steinbeck left Thom and John IV $50,000 each, but excluded them from any other beneficial ownership in his estate or his literary properties. *Id.* at 21-23. John IV died in 1991. Blake Smyle ("Blake") later filed a claim in probate court asserting that she was John IV's previously unknown and unacknowledged biological daughter (and, by extension, Steinbeck's granddaughter). 2d Cir. J.A. 149-51, 393-95 (Vol. I). Thom and Blake are Petitioners in this action.

Elaine died in 2003. Pet. App. 18a. In her will, Elaine passed all of her copyright interests in Steinbeck's works to her daughter (Steinbeck's step-daughter) Waverly Scott Kaffaga, her sister

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[1] The careful explanation concerning Elaine's management and control of rights in Steinbeck's literary properties belies Petitioners' groundless suggestion, Pet. 7, that the devise of such rights to Elaine was an oversight.

(Steinbeck's sister-in-law) Jean Anderson Boone, and her grandchildren (Steinbeck's step-grandchildren) David Scott Farber, Anderson Farber Runkle, Jebel Kaffaga, and Bahar Kaffaga. Elaine's estate and her heirs – members of John Steinbeck's step-family – are respondents in this action ("Estate Respondents").

When he died in 1968, Steinbeck had already renewed the copyrights for thirteen of his earlier works (the "Early Works"). Pet. App. 17a. Full ownership over these Early Works passed directly to Elaine under Steinbeck's will. *Id.* at 77a. But fifteen of Steinbeck's other works were still in their initial copyright term and had not yet been renewed when Steinbeck died (the "Late Works"). *Id.* at 77a & n.13. Had Steinbeck been alive to renew them, he undoubtedly would have ultimately passed them on to Elaine as well. Instead, after his death Elaine, Thom, and John IV were vested with joint ownership of the right to renew the copyrights in the Late Works pursuant to the Copyright Act of 1947, Pub. L. No. 80-281, 61 Stat. 652. In 1974, Elaine, Thom, and John IV agreed that the royalty proceeds from the fifteen Late Works would be distributed 50% to Elaine and 25% each to Thom and John IV. 2d Cir. J.A. 53-54 (Vol. II).

Unsatisfied, Thom and John IV sued Elaine in 1981 to repudiate their 1974 agreement and seek a greater percentage of royalties. 2d Cir. J.A. 166-68 (Vol. I). In 1982, the district court upheld the 1974 agreement, dismissing Thom and John IV's "conclusory" allegations of fraud and misrepresentation. *Id.* at 169. Elaine then entered

into a 1983 settlement agreement with Thom and John IV in which she agreed to reduce her royalty share in the Late Works to one-third; in exchange, Thom and John IV agreed to vest in Elaine "complete power and authority" to take action with respect to any rights they had in any Steinbeck works. Pet. App. 65a-66a.

To carry out that agreement, Thom and John IV each irrevocably appointed Elaine as attorney-in-fact "to exercise [his] rights of renewal and rights to terminate grants to third parties and make new contracts and grants and assignments of copyrights, and to negotiate and sign contracts and agreements and otherwise take and authorize action on [his] behalf" with respect to any and all Steinbeck works. Pet. App. 67a-68a n.3. It is undisputed that Thom "understood that [he] was giving Elaine power of attorney over all [of his] copyright interests in [his] father's works." *Id.* at 52a.

2. In 1938, Steinbeck had executed an agreement transferring publication rights in all of his works to the Viking Press (the "1938 Agreement"). Pet. App. 16a. Viking subsequently assigned its rights under the 1938 Agreement to the Penguin Group. *Id.* at 17a.

In 1994, Elaine negotiated two new agreements with Penguin that canceled and superseded all previous licenses and secured significantly greater returns in exchange for the right to publish the Steinbeck works (the "1994 Agreements"). *Id.* at 17a-18a. The two 1994 Agreements are inextricably related and cross-reference each other. *Id.* at 134a,

150a-51a; 2d Cir. J.A. 451-52 (Vol. II). One agreement covers the Early Works and certain additional works owned exclusively by Elaine. The other agreement covers a number of works jointly owned by Elaine, Thom, and John IV's heirs, including the Late Works; Elaine executed that agreement in her capacity as co-owner of those works and using the irrevocable power of attorney that Thom and John IV had given her in the 1983 settlement agreement. Pet. App. 18a n.1; 2d Cir. JA 425, 440 (Vol. I).

The 1994 Agreements expressly canceled the 1938 Agreement, Pet. App. 26a, and transferred to Penguin the publishing rights for the Early Works and the Late Works with significantly improved financial terms for the benefit of Elaine, Thom, and the heirs of John IV, Pet. App. 17a-18a & n.1, 26a. For instance, while the 1938 Agreement provided for an annual royalty calculated as a percentage of sales, the 1994 Agreements guarantee minimum yearly payments of hundreds of thousands of dollars, plus additional royalties based on retail rather than wholesale prices. Pet. App. 18a & n.1, 26a. The 1994 Agreements also expand the territorial scope of Penguin's publishing rights and require Penguin to keep *all* of Steinbeck's works in print, thus helping to guarantee an ongoing flow of additional royalties. *Id.*

Thom approved Elaine's actions. After consulting with counsel, 2d Cir. J.A. 484 (Vol. II), Thom signed an acknowledgement, for himself and for the estate of then-deceased John IV, "confirm[ing], approv[ing], ratif[ying] and accept[ing] all terms and conditions"

of the 1994 Agreement for the Late Works, including the provision explicitly referencing the companion agreement for the Early Works, Pet. App. 18 n.1.; 2d Cir. J.A. 451-52 (Vol. I), 276 (Vol. II).

Petitioners have significantly benefited as a result of Elaine's cancellation of the 1938 Agreement and negotiation of improved terms from Penguin under the 1994 Agreements. Each has received years of guaranteed and enhanced royalties. Pet. App. 18a n.1, 78a n.15.

3. When Elaine negotiated a better deal for herself, Thom, and John IV's heirs in 1994, a number of the works covered by the 1994 Agreements were eligible or about to become eligible for termination under 17 U.S.C. § 304(c) of the Copyright Act of 1976. Pet. App. 33a. The termination rights in § 304(c) enable authors and their families to cancel certain licenses and assignments "executed before January 1, 1978." 17 U.S.C. § 304(c). When an author has died, the Copyright Act allocates the termination rights among the author's spouse, children, and grandchildren. *Id.* § 304(c)(2)(A). Termination can be effected only once, and only if the holders of a majority percentage of the termination rights agree to serve a termination notice. *Id.* § 304(c)(1). Termination rights may be exercised "notwithstanding any agreement to the contrary." *Id.* § 304(c)(5).

The right to terminate under § 304(c) was developed by Congress in the wake of this Court's decision in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), which held that authors

and family members could sell their contingent interests in a copyright's renewal term in advance, before the renewal term ever began. This meant that even before a work was published, publishers could – and often did – "demand the assignment of both [copyright] terms at the time when the value of the copyrighted work was most uncertain." *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 186 (1985) (White, J., dissenting). The termination provisions "were designed to correct this situation," *id.*, by allowing authors and family members to repudiate "ill-advised and unremunerative grants that had been made before the author had a fair opportunity to appreciate the true value of his work," *id.* at 172-73 (majority opinion).

But there is no guarantee that statutory heirs will be able to exercise these termination rights, because Congress placed a number of critical restrictions on their use. First, termination applies only to licenses and assignments executed before 1978. 17 U.S.C. § 304(c). Second, termination does not apply to transfers made "by will." *Id.* Third, termination may take place only in specific time periods: during a "window" of time between 56 and 61 years after a work's publication, with service of the notice of termination between two and ten years before the termination will take effect. *Id.* § 304(c)(3), (c)(4)(A). Fourth, termination is possible only if carried out by agreement among holders of more than 50% of the rights. *Id.* § 304(c)(1).

With respect to Steinbeck's works, the Copyright Act of 1976 allocated 50% of the termination rights to Elaine, 25% to Thom, and 25% to John IV. Thus, no

termination could take place without Elaine's consent. Elaine successfully "wield[ed] the threat of [§ 304(c)] termination" against Penguin when Penguin agreed in 1994 to cancel the 1938 agreement and provide Elaine, Thom, and later Blake substantially more generous royalty terms. Pet. App. 28a-29a.

4. Four years after Elaine executed the 1994 Agreements, Congress enacted the Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998). The 1998 Act created § 304(d), a new termination provision that opened a second window for termination during the period between 75 and 80 years after publication, so long as no right of termination had previously been exercised. Like the termination rights in § 304(c), the termination rights in § 304(d) apply only to agreements made before 1978. Because John IV died in 1991, the new § 304(d) termination rights were distributed 50% to Elaine, 25% to Thom, and 25% to Blake.

Elaine died in 2003. She bequeathed her copyright interests to her daughter, sister, and grandchildren – the Estate Respondents in this action and the step-family of John Steinbeck. Pet. App. 18a. But Elaine's 50% share in the termination rights expired on her death. As a result, Thom and Blake together possessed all of the § 304(d) termination rights.

In June 2004, Thom and Blake served a Notice of Termination on Penguin and the Estate of Elaine Steinbeck purporting to terminate grants of rights

with respect to certain of the Early Works pursuant to § 304(d) ("Penguin Termination Notice"). Penguin sued Petitioners seeking a declaratory judgment "that the Termination Notice is invalid and that Penguin's rights in the Works will not terminate thereunder." Compl. ¶ 28, *Penguin v. Steinbeck*, 04-Civ.-06795 (S.D.N.Y. Aug. 24, 2004).

Petitioners separately commenced the instant case and asserted trademark claims and a variety of state-law claims against the Estate Respondents, including that Elaine had breached a fiduciary duty and had been unjustly enriched. The Estate Respondents counterclaimed seeking, *inter alia*, declaratory relief that the Penguin Termination Notice was invalid. Pet. App. 110a, 115a, 120a. Although the claims and counterclaims arose out of a common nucleus of operative fact, they were addressed to different legal questions: the Estate Respondents' counterclaims concerned the legal effect of the 1994 Agreements and the validity of the Penguin Termination Notice, while Petitioners' state-law claims concerned the propriety of Elaine's management of the Steinbeck copyrights pursuant to the 1983 settlement agreement.

Petitioners did not allege that their state-law claims depended on a finding that the Penguin Termination Notice was valid. Indeed, in the very portions of the complaint on which Petitioners now rely, Pet. 32, Petitioners alleged that a determination that the notice was invalid would actually *increase* Petitioners' damages. Compl. ¶ 36, No. 04-Civ.-5497 (S.D.N.Y.) ("Should [the Penguin Termination Notice] be deemed valid, Thom has been

damaged for the years in which he did not receive revenues as a Section 304(c) terminating party. Otherwise, he has been damaged for the life of U.S. copyright in said works."); *id.* ¶ 37 (same with regard to Blake). Petitioners also alleged that under the 1983 agreement Elaine herself "could have and should have served 'notices of termination' with regard to [Steinbeck's] works" but refused to do so. *Id.* ¶ 30; *see also id.* ¶ 98 ("Due to Elaine's refusal to exercise Thom's and Blake's termination rights with respect to certain Steinbeck works, Elaine has been unjustly enriched."); *id.* ¶ 31 (alleging Elaine breached her fiduciary duty to Thom because she "did not file or serve notices of termination").

5. The parties in this action cross-moved for summary judgment on the validity of the Penguin Termination Notice, as did the parties in the separate Penguin case, and the cases were considered together solely for the purpose of resolving those motions. Pet. App. 76a-77a. The district court awarded Petitioners summary judgment in both cases, ruling in a conclusory, single-paragraph analysis that the Penguin Termination Notice was valid. *Id.* at 87a. That order finally resolved the only claim in the case between Penguin and Petitioners, and Penguin filed a notice of appeal. In the instant action, the district court certified for immediate appeal under Rule 54(b) the portion of the order that had found the Penguin Termination Notice valid. Order, No. 04-Civ.-5497 (S.D.N.Y. Aug. 4, 2006). The Estate Respondents noticed their own appeal on that basis.

The Second Circuit considered the two cases together. In a 2008 decision, the court of appeals concluded that the 1994 Agreements clearly expressed the parties' intent to rescind all prior grants, and fundamentally altered the parties' rights. Pet. App. 26a. As a result, the Second Circuit concluded, a pre-1978 copyright transfer no longer existed when the Penguin Termination Notice was served – and thus there was nothing eligible for termination under § 304(d). *Id.* at 25a. The court also rejected Petitioners' suggestion that rescission of a pre-1978 grant was an "agreement to the contrary." *Id.* at 30a-31a. Instead, the court held, by "renegotiat[ing] and cancel[ing] the 1983 agreement while wielding the threat of termination" Elaine engaged in "exactly" the conduct intended by Congress. *Id.* at 28a-29a. The Second Circuit therefore held that the Penguin Termination Notice was ineffective. *Id.* at 34a.

Petitioners sought review in this Court in a petition encompassing both cases, claiming a split between the Second and Ninth Circuits and citing the same cases on which their current Petition relies. None of the parties' briefs suggested that the Second Circuit's decision was interlocutory. This Court denied the petition. *Steinbeck v. Penguin Group (USA) Inc.*, 129 S. Ct. 2383 (2009) (mem.).

Thereafter, on April 22, 2009, the district court entered a declaratory judgment in the Penguin action against Petitioners and in favor of Penguin. Pet. App. 90a. That judgment, which stated that the Penguin Termination Notice was invalid, is now

indisputably final and no longer subject to appeal. *Id.*; *see also* Pet. 11-12, 33 n.7.

Meanwhile, in the instant case, the Estate Respondents sought summary judgment on Petitioners' remaining claims, including their state-law claims. In opposing that motion, Thom and Blake maintained their position that "[u]pon receiving Thom and John IV's power of attorney, Elaine could have served termination notices for numerous of Steinbeck's works as permitted by 17 U.S.C. § 304(c), and later § 304(d), for her own, Thom's and John IV's (or Blake's) benefit," MSJ Opp. at 4, No. 04-Civ.-5497 (S.D.N.Y. Oct. 15, 2008), and that her failure to exercise those termination rights established unjust enrichment, *id.* at 19-21. With only a passing reference to the Second Circuit's ruling concerning the validity of the Penguin Termination Notice in the "Background" section of the opinion, Pet. App. 40a-41a, the district court awarded the Estate Respondents summary judgment.

The Second Circuit affirmed in 2010, holding under New York law that the 1983 settlement agreement and power of attorney gave Elaine "complete power and authority . . . [to] take action with respect to the exploitation and/or termination of rights in the works of John Steinbeck in which [Petitioners] have or will have renewal or termination rights" without creating an agency relationship or imposing fiduciary obligations on Elaine. *Id.* at 5a-7a. The court further explained that the 1983 settlement agreement empowered Elaine to enter into the 1994 Agreements without

providing information to Blake or seeking her consent, and thus affirmed the dismissal of Petitioners' unjust enrichment claims. *Id.* at 11a-12a.

REASONS FOR DENYING THE PETITION

I. This Case Is A Poor Vehicle For Interpreting Section 304's Termination Provisions.

1. This Court's jurisdiction to decide the question presented at this juncture is doubtful. As Petitioners correctly explain, "denial of certiorari at an interlocutory stage 'does not preclude [a party] from raising the same issues in a later petition, after final judgment has been rendered.'" Pet. 30 (quoting *Virginia Military Inst. v. United States*, 508 U.S. 946, 946 (1993) (Scalia, J., respecting the denial of certiorari)); *see also, e.g.*, *Hamilton-Brown Shoe Co. v. Wolf Bros.*, 240 U.S. 251 (1916). But Petitioners' premise that the 2008 Second Circuit decision they challenge was "interlocutory" is highly questionable.

The Second Circuit exercised jurisdiction to render that decision as to Respondents because the district court entered a *final* Rule 54(b) judgment, rejecting Respondents' claim for a declaratory judgment that the termination notice was invalid. The entry of that final judgment essentially split the validity issue off from the other claims in the case, as if there were two separate cases going forward. *See, e.g.*, *Reiter v. Cooper*, 507 U.S. 258, 265 (1993) (referring to Rule 54(b) judgment as "separate final judgment"). The Second Circuit reversed the Rule 54(b) judgment outright, holding that the termination notice was invalid and leaving nothing

more for the district court to do with respect to the declaratory judgment claim. And, of course, more than 90 days have passed since the denial of rehearing of the Second Circuit's 2008 decision. *See* 28 U.S.C. § 2101(c); *see also FTC v. Minneapolis-Honeywell Regulator Co.*, 344 U.S. 206, 211-12 (1952); *cf. Williams v. Boeing Co.*, 681 F.2d 615, 616 (9th Cir. 1982) (per curiam) (Rule 54(b) judgment is "final . . . and could not be reviewed as part of an appeal from a subsequent judgment as to the remaining claims"). Moreover, the 2010 Second Circuit decision does not address or decide the validity question in any way.

None of this Court's precedents about review of interlocutory decisions after final judgment have arisen in similar circumstances. But where a judgment of the court of appeals was actually "final" and certiorari was sought after a later, related appellate judgment, this Court has declined to apply the rule on which Petitioners rely. *See Toledo Scale Co. v. Computing Scale Co.*, 261 U.S. 399, 418 (1923) (explaining that *Hamilton-Brown Shoe* did not govern because "the [court of appeals] decree of October, 1921, which we declined to review in January, 1922, was a final decree, and we are expressly denied power to review it after three months"). This case is analogous. The rationale for the rule – that an issue raised at an interlocutory stage might be altered or mooted by subsequent developments in the case, thus making a later assessment of the need for review more prudent – does not explain why a party should have a second

bite at an issue fully resolved on appeal from a Rule 54(b) judgment.

To be sure, there is an oddity here: that the Second Circuit itself, after reversing the existing final judgment on the validity question in 2008, directed that a new judgment be entered on that question in the Penguin case (in which no other claims remained), but not in this case. Pet. App. 34a. Nevertheless, the jurisdictional issue is a troubling one, and would have to be briefed by the parties, addressed by this Court, and decided in Petitioners' favor before reaching the question presented on the merits.

2. Moreover, to the extent that this Court ultimately determined that it had jurisdiction – on the theory that there was no finality until after the district court resolved *all* of the claims in this case in December 2009 – Petitioners are collaterally estopped from continuing to press the issue on which they seek review. Petitioners ask this Court to review the Second Circuit's 2008 holding that, in light of the 1994 Agreements, "Petitioners lacked power under the Copyright Act to exercise their termination rights" over the works listed in the 2004 Penguin Termination Notice. Pet. 12; *see also id.* at i, 31-32. But that precise issue has already been fully litigated by Petitioners in a separate action brought by Penguin, and was finally decided against them in April 2009.

Collateral estoppel "generally refers to the effect of a prior judgment in foreclosing successive litigation of an issue of fact or law actually litigated

and resolved in a valid court determination essential to the prior judgment, whether or not the issue arises on the same or a different claim." *New Hampshire v. Maine*, 532 U.S. 742, 748-49 (2001). The doctrine also applies when there is a final decision in one of two actions that are pending at the same time. Thus, "when two actions are pending . . . which involve the same issue, it is the final judgment first rendered in one of the actions which becomes conclusive in the other action." *Restatement (Second) of Judgments* § 14 cmt. a (1982); *accord Chicago Rock Island & Pac. Ry. Co. v. Schendel*, 270 U.S. 611, 616-17 (1926).

Here, in a case brought by Penguin against Petitioners, Penguin obtained a declaratory judgment on April 23, 2009, stating that the very same termination notice described in the Petition (Pet. 9), which purports to terminate a grant of rights made by Elaine to Penguin, "is not enforceable, and Penguin's rights in the [Steinbeck] works did not terminate thereunder." Judgment, No. 04-Civ.-06795 (S.D.N.Y. Apr. 23, 2009). This judgment was the culmination of extensive litigation between Petitioners and Penguin in the district court, the court of appeals, and this Court (by way of the prior unsuccessful petition for certiorari), in which the very same arguments on which Petitioners now rely about why the 1994 Agreements constitute an "agreement to the contrary" were ultimately rejected. Petitioners themselves emphasize that the Penguin case was "an entirely separate action," and that the judgment in that case is "final" and beyond the reach of any appellate jurisdiction. Pet. 9, 12;

see also id. 33 n.7 (Penguin judgment "is not a part of this case"); *Reed v. Allen*, 286 U.S. 191, 198 (1932). And the Penguin judgment unquestionably predates the final judgment on all claims rendered by the district court in the instant case on December 4, 2009, which is the stated impetus for the current Petition. Pet. 29 (stating that "[t]he issue comes before the Court after final judgment in the courts below disposing of all claims").

Petitioners are therefore barred from continuing to contest the validity of the termination notice, and there is no relief that this Court could possibly grant them. The same termination notice was at issue in both cases, and it cannot be invalid with respect to Penguin and valid with respect to the Estate Respondents. The rights of Penguin – which is not a party to this case – are settled. Were Petitioners to succeed in their argument that the termination notice was actually a valid one, then the results in this case and the Penguin case would be untenably inconsistent. That is exactly the outcome that the collateral estoppel doctrine is intended to prevent. *See Montana v. United States*, 440 U.S. 147, 153-54 (1979); *see also, e.g., Partmar Corp. v. Paramount Pictures Theatres Corp.*, 347 U.S. 89, 99-101 (1954) (where no appeal has been taken from one claim resolved by the district court's judgment, "those parts of the judgment must be accepted as valid and binding" as to the resolution of a counterclaim).

Perhaps recognizing that the very question they present to this Court has been finally resolved against them, Petitioners make a convoluted argument that their real concern is with their state-

law claims against the Estate Respondents, which they assert would somehow spring back into being if this Court deemed the termination notice valid. Pet. 29, 31-34. That is both irrelevant and wrong. It is irrelevant because the *issue* of validity is precluded, even if that issue would have some effect on non-copyright *claims*. It is wrong because the state-law claims here would not be revitalized by a decision that Petitioners' notice was valid. The Second Circuit ruled in 2010, in a decision about which Petitioners do not here complain, that judgment in the Respondents' favor on those state-law claims was proper for reasons that have nothing to do with the validity of the termination notice. *See, e.g.*, Pet. App. 5a-7a, 11a.[2] Thus, with respect to Petitioners' state-law claims – like their precluded arguments about the Penguin Termination Notice – there is nothing left for this Court or any other court to decide.

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[2] The Second Circuit's resolution of the state-law claims rested primarily on the determination that Elaine had no fiduciary duty to any of the Petitioners, since they retained no right of control when they gave her full power in the 1983 Agreement to exercise their copyright rights. *See id.* And Petitioners premised their state-law claims on a contention that is *directly contrary* to the arguments they now make to this Court: that Elaine, through the exercise of her powers of attorney from Thom and John IV, *did* have the power to terminate at the time she negotiated the 1994 Agreements, and acted wrongfully by failing to do so. *Compare* Pet. 8, 16-18 *with* Compl. ¶¶ 30-31, 98 ("Due to Elaine's refusal to exercise Thom's and Blake's termination rights . . . Elaine has been unjustly enriched."), *and* MSJ Opp. 4 ("[u]pon receiving Thom and John IV's power of attorney, Elaine could have served termination notices"). Indeed, Petitioners' complaint alleged that the damages associated with their state-law claims would be *greater* if the Penguin Termination Notice were *invalid*. Compl. ¶¶ 36-37.

II. There Is No Circuit Conflict.

There was no circuit split when Petitioners unsuccessfully sought certiorari in this case in 2009. That remains true today. Petitioners cite no new cases and provide no new arguments in their attempt to assert otherwise. And the "clear rule" that they try to derive from the two Ninth Circuit cases on which they rely, Pet. 15, simply does not exist.

1. By holding that the 1994 Agreements negotiated by Elaine superseded the pre-1978 license grant and that there was therefore no pre-1978 assignment that could be terminated under § 304(d), the Second Circuit adhered to precisely the same rule of law that the Ninth Circuit applied in *Milne v. Stephen Slesinger, Inc.*, 430 F.3d 1036 (9th Cir. 2005), and *Classic Media, Inc. v. Mewborn*, 532 F.3d 978 (9th Cir. 2008). In all three cases, the courts asked whether a pre-1978 grant was still in effect. Where a pre-1978 grant was in effect (as in *Mewborn*), the courts held that termination rights could still be exercised. But when the pre-1978 agreement had already been revoked and renegotiated (as in this case and *Milne*), the courts held that no pre-1978 agreement remained to be terminated. All three decisions reflect a consistent application of the same legal rule to different factual circumstances.

Indeed, the Second Circuit's decision closely tracked the Ninth Circuit's decision in *Milne*, which involved rights to the "Winnie the Pooh" character created by A.A. Milne. Milne transferred the merchandising rights in 1930, and those rights were

subsequently retransferred to the Walt Disney Company. *Milne*, 430 F.3d at 1039-40. When Congress enacted the Copyright Act of 1976, Milne had already died and his copyright interests in the Pooh works had passed to a trust whose beneficiaries included his son Christopher and granddaughter Clare. *Id.* In 1983, Christopher negotiated a new agreement with Disney for the merchandising rights, revoking the original 1930 assignment and simultaneously reassigning the same rights in exchange for substantial additional royalty payments. *Id.* at 1040-41.

In 2002, Clare attempted to exercise termination rights. *Id.* at 1041. The Ninth Circuit held that Clare's notice of termination was invalid because the 1930 Agreement had been revoked and superseded by the 1983 agreement, leaving no pre-1978 agreement for Clare to terminate under § 304(d). *Id.* at 1042-43. The Ninth Circuit rejected Clare's argument that the 1983 agreement negotiated by Christopher should be voided as an "agreement to the contrary." 17 U.S.C. § 304(c)(5). In so doing, the court focused on the nature of the 1983 agreement: it was neither an "after-the-fact attempt to recharacterize" an existing contract, 430 F.3d at 1044 (distinguishing *Marvel Characters, Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002)), nor "an agreement to make a will" or "to make any future grant," *id.* at 1043 (quoting 17 U.S.C. § 304(c)(5)). Rather, the 1983 agreement "operated prospectively through the revocation of an existing grant and the making of a new one." *Id.* at 1044. After surveying the legislative history, the court explained that

Congress had "anticipated that parties may contract, as an alternative to statutory termination, to revoke a prior grant by replacing it with a new one" and had "explicitly endorsed" this practice. *Id.* at 1046.

In *Mewborn*, the Ninth Circuit applied precisely the same legal principles that it had applied in *Milne* – but this time it concluded that the pre-1978 agreement had never been revoked, so that termination rights could still be exercised. The plaintiff in *Mewborn* was Winifred Mewborn, daughter of the author of *Lassie Come Home*. *Mewborn*, 532 F.3d at 980. In 1976, Mewborn executed an agreement assigning to Classic Media all her motion picture, television, and radio rights in *Lassie Come Home* in exchange for a one-time payment of $11,000. *Id.* In 1978, Mewborn signed a second agreement with Classic Media assigning additional merchandising, dramatic performance, recording, and publishing rights for the nominal sum of $3,000. *Id.* at 981. The second agreement did not purport to rescind, revoke, or renegotiate the rights that Mewborn had assigned in 1976. Instead, the second agreement stated that the new rights were being assigned "in addition to" the rights that Mewborn had previously assigned. *Id.*

When Mewborn served a notice of termination in 2005 to reclaim the rights she had assigned in 1976, Classic Media asserted that the termination notice was invalid because the 1978 agreement had superseded the 1976 one. *Id.* at 981-82. The Ninth Circuit rejected this argument and held, as a matter of fact, that the 1976 agreement had not been revoked. *Id.* at 989. The Ninth Circuit explained

that, "[u]nlike Christopher Milne's 1983 assignment, which expressly revoked the earlier . . . assignments and simultaneously re-granted the same rights, Mewborn's 1978 Assignment explicitly stated that it granted rights 'in addition to' the rights granted in the 1976 Assignment." *Id.* Accordingly, because the 1976 agreement remained in effect, Mewborn retained the ability to terminate rights transferred pursuant to that agreement.[3]

Milne and *Mewborn* are therefore wholly consistent with each other, and this case is consistent with them both – as well as factually analogous to *Milne*. Like Christopher Milne, Elaine "renegotiate[d] and cancel[ed] the [pre-1978] Agreement" that is the subject of the disputed termination notice. Pet. App. 28a-29a; *cf. Milne*, 430 F.3d at 1045. Once the original 1938 agreement with Penguin's predecessor was canceled and superseded by the 1994 Agreements, there was no pre-1978 agreement to be terminated. Pet. App. 25a; *cf. Milne*, 430 F.3d at 1042-43. Thus, the 1994 Agreements were not "backward-looking attempts to recharacterize existing grants of copyright," but new copyright grants altogether. Pet. App. 31a; *cf. Milne*, 430 F.3d at 1044. Concurring with and relying on *Milne*, the Second Circuit explained that nothing in

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[3] As background, *Mewborn* cited the district court's 2006 decision in this case, based on that court's erroneous conclusion that "'at no point did Penguin lose or gain any rights other than those originally granted to it under the 1938 Agreement.'" *Mewborn*, 532 F.3d at 986 (quoting Pet. App. 82a). On appeal, the Second Circuit ruled that the 1994 Agreements replaced the 1938 Agreement with materially different terms. Pet. App. 26a.

the statute's text or history suggested that rescission of pre-1978 grants "was precluded or undesirable." Pet. App. 32a; *cf. Milne*, 430 F.3d at 1045-46. And just as in *Milne*, at the time of the agreements canceling the pre-1978 grant, the provision on which Petitioners' purported termination was premised had not even been enacted. Pet. App. 30a; *cf. Milne*, 430 F.3d at 1042-43.

2. Petitioners nevertheless claim to have divined that "the crucial factor distinguishing" *Milne* from *Mewborn* is that Christopher Milne had the ability to effect statutory termination at the time he renegotiated and replaced the pre-1978 agreement, while Mewborn lacked such an ability at the time of her post-1978 agreement. Pet. 15. But that is not what the cases actually *say*. The Ninth Circuit has not announced anything remotely resembling Petitioners' preferred rule.

Milne did discuss Christopher's termination rights, but it never relied on any determination that Christopher could single-handedly have terminated at the time of the renegotiation. Indeed, it quite pointedly left that issue open. *See, e.g.*, 430 F.3d at 1046-47 (Christopher's "perceived right to terminate"); *id.* at 1045 (Christopher "was believed to own a statutory right to terminate" by the counterparty). To be sure, *Milne* noted that Christopher had bargaining power in his renegotiation of the pre-1978 agreement because of a perceived *threat* of termination, but it did so simply to emphasize that his actions in replacing the pre-1978 grant were fully consistent with Congress's goals: he exercised leverage in order to realize some

of the additional value in his father's works that had accrued over time, and he bestowed some of that value on the statutory heirs named in § 304. 430 F.3d at 1045 (explaining that Christopher and the other trust beneficiaries "were able to obtain considerably more money as a result of the bargaining power wielded by [Christopher]"); *id.* at 1047 (explaining that renegotiation "increased [the] royalty stream to the author's heirs" and occurred "after [Christopher] was able to assess the works' value over the course of more than five decades").

This case fits that mold perfectly. The Second Circuit's decision did not turn on whether at the time of the 1994 Agreements Elaine could have acted alone to terminate the grant to Penguin. It turned on the fact that when the Petitioners issued their termination notice there was no pre-1978 grant in existence that could possibly have been terminated. Pet. App. 29a (explaining that the 1994 Agreements replaced the 1938 Agreement and therefore "eliminated the right to terminate the grants contained in the 1938 Agreement under sections 304(c) and (d)"); *id.* at 31a n.5 (explaining that whether Elaine had the power to effect termination by herself when she negotiated the 1994 Agreements was "immaterial"). Nevertheless, as in *Milne*, the court of appeals bolstered its conclusion by explaining that Elaine did in fact "wield[] the threat of termination" when she "renegotiate[d] and cancel[ed] the 1938 Agreement in 1994," which allowed her to capture for *all* of the § 304 statutory heirs more value in the Steinbeck works – "exactly

what was intended by Congress." Pet. App. 28a-29a, 33a.

Petitioners inexplicably and incorrectly assert that "Elaine was unable to threaten termination to 'improve [her] bargaining position.'" Pet. 17 (quoting *Milne*, 430 F.3d at 1046). That is directly contrary to the Second Circuit's express statement, which is plainly correct. At the time Elaine negotiated the 1994 Agreements, termination notices could have been immediately served for ten of the Early Works and seven of the Late Works. The fact that Elaine owned only 50% of the termination rights in 1994 does not mean that she could not threaten Penguin with termination to secure a better deal for Thom, John IV's estate, and (ultimately) Blake as well as herself. No termination could have been effected without Elaine in 1994, so she could have threatened to join with Thom to terminate Penguin's rights. And, in any event, as the Ninth Circuit taught in *Milne*, even a "perceived" right to terminate can act as a powerful "bargaining chip." *Milne*, 430 F.3d at 1046.[4]

Mewborn does not conflict with *Milne* and the instant case, or create the rule that the Petitioners

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[4] The 1994 Agreements do address the possibility that termination rights may be exercised in the future, but that does not undermine the conclusion that Elaine "wield[ed] the threat of termination." *See* 2009 Opp. Br. at 27-28 (No. 08-1039) (explaining that relevant contractual provision is "akin to a force majeur clause addressing what would happen if, contrary to the expectations of the parties, termination rights somehow survived"). In addition, whether Elaine effectively controlled more than 50% of the termination rights remains an open question here. *See infra* pp. 33-34.

claim is "clear." *Mewborn*'s description of *Milne* is consistent with the view that the outcome in *Milne* did not depend on whether Christopher actually could have terminated at the relevant moment. *See, e.g.*, 532 F.3d at 988 (citing *Milne*, 430 F.3d at 1044-45). As to Mewborn herself, because the *Mewborn* court found as a factual matter that the 1976 assignment remained in effect, the court concluded that if the 1978 agreement purported to assign Mewborn's termination rights, such an assignment would be an "agreement to the contrary." *Mewborn*, 532 F.3d at 986. But *Mewborn* did not hold or even suggest that the 1978 agreement would have been an "agreement to the contrary" if (like the post-1978 agreements in this case and *Milne*) it had revoked and replaced the pre-1978 assignment, thereby leaving nothing to terminate. Given the facts of *Mewborn*, any such suggestion would have been dicta. It also would have been contrary to *Milne*, which *Mewborn* did not overrule. *Id.* at 988.[5]

The close parallels between this case and *Milne* refute Petitioners' assertion that the Second Circuit and Ninth Circuit are "in square conflict" on termination issues, as does the Second Circuit's discussion of why its decision was consistent with both *Milne* and *Mewborn*. Pet. 12; Pet. App. 33a-34a. Before the Second Circuit issued the 2008 decision, the widespread assumption was that if it affirmed the district court with a decision in favor of

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[5] Of course, to the extent there were any conflict between *Milne* and *Mewborn* (which there is not), it would be an intra-circuit conflict, which is not a proper basis for invoking this Court's certiorari jurisdiction. *See* Sup. Ct. R. 10.

Thom and Blake, that would create a circuit split with the Ninth Circuit that would require this Court's review. *See* Allison M. Scott, Note, *Oh Bother:* Milne, Steinbeck, *and an Emerging Circuit Split Over the Alienability of Copyright Termination Rights*, 14 J. Intell. Prop. L. 357 (2007). In reversing the decision of the district court in this case, the Second Circuit did not create a circuit split – it averted one.[6]

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[6] Notably, the secondary sources on which Petitioners rely do not aid their cause. Petitioners cite articles by David Nimmer, who represented Clare Milne, that restate the same arguments that this Court found insufficient to justify granting Milne's petition for certiorari or Petitioners' prior Petition. *See, e.g.*, Peter S. Menell & David Nimmer, *Judicial Resistance to Copyright Law's Inalienable Right to Terminate Transfers*, 33 Colum. J.L. & Arts. 227, 227 n.** (2010). The remaining commentary cited by Petitioners either predates the Second Circuit's decision (and warns of a circuit split if the Second Circuit does *not* take the action it ultimately took here) or correctly recognizes that the decision followed *Milne*. *Compare* Pet. 27-28 *with* Roxanne E. Christ, Milne v. Slesinger: *The Supreme Court Refuses to Review the Ninth Circuit's Limits on the Rights of Authors and Their Heirs to Reclaim Transferred Copyrights*, 14 UCLA Ent. L. Rev. 33, 44-45 (2007), Scott, *supra*, 14 J. Intell. Prop. L. at 381-82, *and* Adam R. Blankenheimer, Note, *Of Rights and Men: The Re-Alienability of Termination of Transfer Rights in* Penguin Group v. Steinbeck, 24 Berkeley Tech. L.J. 321, 336, 338-39 (2009) ("[T]he circuits now agree [after the 2008 Second Circuit decision] that renegotiating a pre-1978 grant of copyright dissolves the right to terminate it. Consequently, the Supreme Court . . . is unlikely to address the issue.").

III. The Second Circuit's Fact-Bound 2008 Decision Is Correct And Reflects Sound Policy.

The only two courts to consider the question are in accord: an agreement to rescind a pre-1978 grant of a copyright interest and replace it with a new grant is not an "agreement to the contrary" under § 304. Both the Ninth Circuit in *Milne* and the Second Circuit in this case correctly rejected Petitioners' arguments that the plain language and legislative history of § 304 allow dissatisfied heirs to second-guess agreements to cancel pre-1978 grants.

Section 304(c)(5)'s provision that statutory termination under § 304(c) and (d) "may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant," simply does not apply where no pre-1978 grant is in existence at the time statutory termination is attempted. Under both (c) and (d), termination is available only as to grants made *before* 1978. 17 U.S.C. § 304(c), (d); *see also Milne*, 430 F.3d at 1043-44; Pet. App. 25a. The application of § 304(c)(5) is particularly inappropriate where, as here and in *Milne*, the pre-1978 grant was canceled long before the statute giving rise to the purported termination right was even passed. *Milne*, 430 F.3d at 1043-44; Pet. App. 30a-31a. On Petitioners' view, when § 304(d) became effective in 1998, it resurrected all previously rescinded pre-1978 copyright grants so that they would be available for termination under the statute. The Second and Ninth Circuits have both rightly rejected the argument that Congress intended this result. *Milne*, 430 F.3d at 1043-44; Pet. App. 32a ("[P]rovided that

a post-1978 agreement effectively terminates a pre-1978 grant, Congress did not manifest any intent for the earlier agreement to survive simply for purposes of exercising a termination right in the future.").

Instead, the text and legislative history of § 304 strongly support parties' ability to "contract, as an alternative to statutory termination, to revoke a prior grant by replacing it with a new one." *Milne*, 430 F.3d at 1046. The House Judiciary Committee Report upon which Petitioners rely, Pet. 3, 20-23, "explicitly endorsed the continued right of 'parties to a transfer or license' to voluntarily agree[] at any time to terminate an existing grant and negotiat[e] a new one," *Milne*, 430 F.3d at 1046 (quoting H.R. Rep. No. 94-1476, at 127 (1976)); *see also* Pet. App. 32a.

The statutory exemplars of "agreement[s] to the contrary" likewise support the conclusion that the 1994 Agreements are not voidable under the statute. Agreements like the 1994 Agreements in this case and the 1983 agreement in *Milne* are nothing like agreements "to make a will" or agreements "to make any future grant." 17 U.S.C. § 304(c)(5); *see also Milne*, 430 F.3d at 1043. Rather, the examples cited in the statute confirm that § 304(c)(5) was intended to address certain agreements that purport to encumber a party's rights over an existing grant, not agreements that eliminate that grant altogether.

Contrary to Petitioners' argument, that interpretation of § 304 hardly renders the "agreement to the contrary" language a dead letter. Pet. 16. That language has vitality in many different circumstances, such as where a pre-1978 assignment

contains sweeping language giving away all existing or future rights, or where parties enter into an after-the-fact agreement characterizing a work as "made for hire" for the purpose of disqualifying that work from eligibility for the exercise of termination rights. *See, e.g.*, *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 292 (2d Cir. 2002). But it has no application in this case.

Petitioners are also wrong to assert that there are any broader policy concerns raised by the Second Circuit's decision. Their suggestion that the decision could have a negative impact on a different set of termination rights for post-1978 assignments under 17 U.S.C. § 203, Pet. 26; Amicus Br. 10, is simply misplaced. The lower courts' overriding concern in § 304 cases with whether a pre-1978 transfer continues to exist cannot carry over to terminations under § 203 because that section, unlike § 304, is not limited to grants made before 1978.

Also misplaced is the concern that the Second Circuit's opinion will deter copyright holders from exercising their termination rights for fear of protracted litigation. Pet. 26. Of course, the best explanation for the fact that there have been only two court of appeals decisions since 1978 concerning whether the rescission of a pre-1978 grant is a voidable "agreement to the contrary" under § 304 is that the issue arises very infrequently.[7] In any

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[7] As their lone example of a case involving a termination dispute post-dating the Second Circuit's 2008 opinion, Petitioners point to a recently filed complaint concerning the Superman character. Pet. 25-26. That case is very unlikely to present the issue that Petitioners raise in this Court. The post-

event, however, long before the Second Circuit ruled, a leading copyright commentator observed that the "intricacies" of the termination provisions in § 203 and § 304 were "difficult to overstate . . . , the result of which is that they are barely used." William Patry, *Choice of Law and International Copyright*, 48 Am. J. Comp. L. 383, 447 (2000); *see also Siegel v. Warner Bros. Entm't Inc.*, 542 F. Supp. 2d 1098, 1101-02, 1117 (C.D. Cal. 2008).

Moreover, the peculiar facts of this case are likely to materially distinguish it from any future cases concerning agreements to eliminate pre-1978 grants. While Petitioners attempt to expand the Second Circuit's decision in this case to mean that "mere copyright holders" can deprive an author's family of the benefits of the extended copyright term, Pet. 19, this case presents nothing close to that hypothesized scenario. Indeed, here it is undisputed that Petitioners have long benefited, and continue to benefit, from the 1994 Agreements – as does the rest of Steinbeck's family, to whom he actually bequeathed his rights.

1978 agreement in that case that allegedly rescinded the pre-1978 grant was made by the sole beneficiary of the author's will, who appears to have possessed the entire termination interest at the time since the author left no spouse, children, or grandchildren. First Am. Compl. ¶ 51, *DC Comics v. Pacific Pictures Corp.*, No. CV 10-3633 (C.D. Cal. Sept. 3, 2010); *see* 17 U.S.C. § 304(c)(2)(D).

IV. Whether Petitioners Could Benefit From The Rule They Advocate Depends On Several Unresolved Legal And Factual Questions.

Petitioners assert that they would prevail under a rule that a post-1978 agreement replacing a pre-1978 grant can be entered into only where the party negotiating the agreement holds more than 50% of the termination rights and has the present ability to effect termination under § 304. Pet. 17-18. Of course, the Ninth Circuit did not announce such a rule, and there is no reason to adopt it. In any event, however, there are several open legal and factual questions that would have to be resolved before determining the effect of such a rule on the result in this case.

1. First, it is an open question whether Elaine did in fact effectively control a majority of the termination rights at the time she negotiated the 1994 Agreements.

In the 1983 settlement agreement, Thom and John IV agreed to vest in Elaine "complete power and authority to negotiate, authorize and take action with respect to the exploitation and/or termination of rights in the works of John Steinbeck in which John Steinbeck IV and Thom Steinbeck have or will have renewal or termination rights." Pet. App. 66a. The Second Circuit acknowledged that there was a question as to whether this expanded Elaine's termination power, but did not decide it. The court stated that "[a]lthough [Elaine] possessed a power of attorney to exercise the Steinbeck Descendants' termination rights as a result of a 1983 settlement, it

is unclear that her exercise of those rights would have been valid." Pet. App. 31a n.5. Notably, Petitioners have repeatedly and vigorously argued in this case that her exercise of those rights *would* have been valid. Indeed, a number of Petitioners' state-law claims were premised on the argument that Elaine could and should have used her powers under the 1983 settlement agreement to actually terminate. *See supra* pp. 11, 13, 19 n.2 (quoting complaint and summary judgment papers).

In addition, Thom reviewed the 1994 Agreements with the assistance of counsel, and ratified one of them explicitly and the other implicitly (because the agreements cross-referenced each other). Accordingly, there is an open factual issue about whether Elaine and Thom, who together held more than 50% of the termination rights, effectively acted in concert to replace the pre-1978 grant with a new post-1978 grant, rather than choosing to terminate the original grant altogether under § 304.

For these reasons, there is a serious question here about whether Elaine had the power to terminate at the time of the 1994 Agreements. Without addressing and resolving this question in the first instance, it is impossible to determine whether Petitioners would benefit from their preferred interpretation of § 304.

2. Second, this case also presents an entirely different issue concerning whether the 1994 Agreements can possibly be characterized as "contrary to" any termination rights that the Petitioners could actually have exercised. Here,

Elaine was not some unrelated party "who contractually holds a copyright interest," Pet. 18, but rather the sole testamentary heir to whom the author devised all his copyright interests. Congress sought to honor just this type of decision about the allocation of an author's inheritance, so it expressly provided that statutory termination rights do not apply to grants or transfers made "by will." 17 U.S.C. § 304(c), (d). Thom and Blake seek to use § 304 not to obtain a more lucrative publishing deal for Steinbeck's family, but to undo Steinbeck's will and seize for themselves the copyright interests that Steinbeck intended to transfer to different family members. Their efforts to use the termination provisions to override Steinbeck's will and wrest copyright ownership away from other members of the Steinbeck family are far afield from the goals Congress had in mind when it created the statutory termination provisions. Congress created the termination right to "safeguard[] authors against unremunerative transfers," H.R. Rep. No. 94-1476, at 124 (1976), not to allow statutory heirs to second-guess the author's testamentary choices.

The interrelationship between rights recaptured by termination and rights inherited by will, which cannot be terminated, is a problem that was unexplored in the lower courts. Petitioners have not cited any other decision involving the use of a termination notice to nullify an author's will or reallocate copyright ownership within an author's family. Petitioners have certainly not identified a circuit split on this complex issue that might conceivably warrant this Court's review.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be denied.

Respectfully submitted,

ELAINE J. GOLDENBERG
CHRISTOPHER J. DEAL
JENNER & BLOCK LLP
1099 New York Ave. NW
Suite 900
Washington, DC 20001
(202) 639-6000

SUSAN J. KOHLMANN
Counsel of Record
JENNER & BLOCK LLP
919 Third Ave.
37th Floor
New York, NY 10022
(212) 891-1600
skohlmann@jenner.com

Attorneys for Estate Respondents

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